

## Industrial Q4 2023

YoY Chg 12-Mo. Forecast

**3.2%**

Vacancy Rate



**-123K**

Net Absorption YTD, SF



**\$6.80**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

**320.3K**

Syracuse MSA Employment



**3.6%**

Syracuse Unemployment Rate



**3.7%**

U.S. Unemployment Rate



Source: BLS

### ECONOMY: Remaining Stable

After dipping to 2.9% at the end of Q2, the Syracuse unemployment rate has increased to 3.6%, an increase of 588 basis-points year-over-year (YOY). The industrial market remains strong as many contractors have relocated to the area for long-term projects including the infrastructure work on Interstate 481 and Interstate 81 as well as the development of the Micron site at White Pine Commerce Park. Since the announcement of Micron's plans to develop the computer chip manufacturing mega-complex, there has been an uptick of available properties along the Route 31 corridor as well as interest in shovel ready development sites in proximity to that corridor. As the Micron project gets underway demand for industrial properties is expected to increase and with limited supply, new development will be the only option.

### SUPPLY AND DEMAND: Low Vacancy with New Options

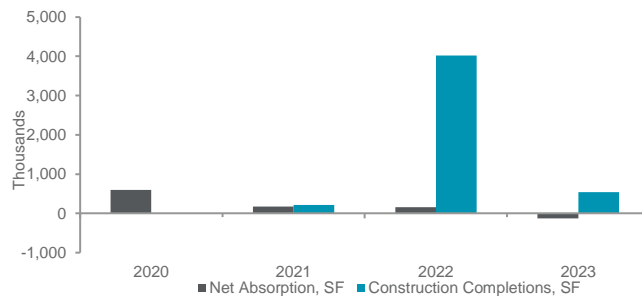
Demand for industrial space continues at unprecedented levels with high-bay warehouse being the most sought after. There has been significant negative absorption in 2023 even as demand remains high. This can be attributed to the fact that several significant warehouse spaces, formerly owned by Rite -Aid, have been sold, vacated and are now on the market for lease. In addition, two tenants relocated to the quickly constructed 293,000 square foot (sf) expansion at NVG Industrial Campus leaving their previous spaces vacant.

The market has yet to cross the threshold for developers/landlords to build on spec, however, with the limited supply, existing companies are electing expansions of their current building since relocating within the market is not an option. TTM Technologies Syracuse is planning a \$100 million expansion creating close to 400 new high-tech manufacturing and engineering jobs. Construction on the 160,000-sf+ (or larger) facility is expected to commence in early 2024 and be fully operational in 2025. After acquiring the adjacent vacant land parcel, Anoplate has begun construction of a 22,212-sf addition to their current 51,550-sf manufacturing facility. At least 20 full time jobs will be added over the next five years and allowing Anoplate to increase production to meet customer demand.

### PRICING: Continue to Increase

Overall market rents have increased 13.2% YOY with the most significant increase of \$0.50 per square foot (psf) in the third quarter of 2023 and a slight increase of \$0.07psf in the fourth quarter. Office Service/Flex rates remain the highest in the market with a 19.5% increase YOY. Lease rates are expected to continue increasing into 2024 as the market continues to tighten as long-term contractors for the Micron project and I-81 business route through downtown Syracuse are expected to move into the market. Current Tenants may consider purchase or build options as interest rates have stabilized and owning becomes more favorable to leasing. As demand increases and low vacancy persists, owners of industrial zoned land are increasing asking prices knowing new development may soon be the only option.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
East	16,618,641	769,559	4.6%	8,456	-134,826	30,000	388,324	\$5.86	\$9.50	\$6.35
North	23,174,035	529,496	2.3%	-16,251	-203,667	0	150,112	\$7.00	\$7.39	\$6.95
South	1,579,213	88,222	5.6%	-38,548	-38,548	0	0	\$7.00	NA	NA
West	5,514,571	90,249	1.6%	68,900	253,776	33,920	0	\$22.50	NA	\$7.75
<b>SYRACUSE TOTALS</b>	<b>46,886,460</b>	<b>1,477,526</b>	<b>3.2%</b>	<b>55,059</b>	<b>-123,265</b>	<b>63,920</b>	<b>538,436</b>	<b>\$6.33</b>	<b>\$7.85</b>	<b>\$6.80</b>

\*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	29,197,431	1,072,669	3.7%	65,605	-144,988	33,920	450,824	\$6.70
Manufacturing	13,929,982	268,109	1.9%	-30,124	-6,324	0	63,612	\$6.33
Office Service / Flex	2,782,172	136,748	4.9%	19,578	19,578	30,000	24,000	\$7.85
High Tech	976,875	0	0	0	0	0	0	NA
<b>SYRACUSE TOTALS</b>	<b>46,886,460</b>	<b>1,477,526</b>	<b>3.2%</b>	<b>55,059</b>	<b>-123,265</b>	<b>63,920</b>	<b>538,436</b>	<b>\$6.80</b>

## KEY LEASE TRANSACTIONS Q3/Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6600 New Venture Gear Drive	East	Republic National Distributing Company (RNDC)	232,676	Direct
6600 New Venture Gear Drive	East	PODS	60,800	Direct
1810 Lemoyne Ave	East	Keystone Automotive	33,580	Renewal*
1810 Lemoyne Ave	East	City of Syracuse	30,000	Direct
2801 Court Street	East	CNY Sports Club	23,909	Direct
5917 Fisher Road	East	Quality Lines Inc	22,500	Direct

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS YTD 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1810 Lemoyne Avenue	East	RFO II / Lemoyne Properties IV LLC	132,075	\$4,952,000 / \$38
6072 Court Street Road	East	Nicholas Masterpol Jr. / Court St NY, LLC	25,200	\$1,850,000 / \$75
126 Dwight Park Drive	West	Provision Holdings LLC / 126 Dwight Park Circle LLC	20,000	\$1,750,000 / \$88
4000 New Court Ave	East	Jim Laurenzo / MF 25 Distributors	9,500	\$800,000 / \$84
209 Factory Ave	East	Dealer Development Properties LLC / Melo Roofing	6,615	\$525,000 / \$79

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